

PL-5/CN-89-93REQUIRING REPORTS

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Barbara Beerhalter	Chair
Cynthia A. Kitlinski	Commissioner
Norma McKanna	Commissioner
Robert J. O'Keefe	Commissioner
Darrel L. Peterson	Commissioner

In the Matter of Minnesota Pipe Line
Company's Proposed Expansion of its
Minnesota Pipeline System

ISSUE DATE: March 24, 1989

DOCKET NO. PL-5/CN-89-93

ORDER REQUIRING REPORTS

PROCEDURAL HISTORY

On July 3, 1985, the Minnesota Public Utilities Commission issued an Amended Certificate of Need to Minnesota Pipe Line Company (the Company). This authorized the Company to transport crude oil in its pipeline up to a certified total capacity of 240,000 barrels per day (BPD) at the designated maximum operating pressure of approximately 1170 pounds per square inch (psig).

On February 13, 1989 the Company filed an affidavit with the Commission. The affidavit described the Company's plan to add approximately 163 miles of looping to the existing pipeline in nine separate loops, each less than 50 miles. The construction would restore capacity lost because of a reduction in operating pressure to 876 psig. Following the construction, the pipeline would have a capacity of 269,000 BPD at the lower pressure. The Company stated that if the federal Department of Transportation (DOT) permits operation at 1170 psig, the Company would construct shorter loops, resulting in post-construction capacity of less than 280,000 BPD.

On February 16, 1989, the Commission issued its Order Soliciting Comments and Scheduling Meeting. The Commission requested comments on whether the proposed expansion requires a certificate of need under Minn. Stat. §§ 216B.2421 and 216B.243 and Minn. Rules, part 4250.0300, item F.

The Department of Public Service (DPS or Department) submitted comments on March 1, 1989.

The Commission met on March 15, 1989 to consider this matter.

FINDINGS AND CONCLUSIONS

The Commission must decide whether the Company's proposed expansion requires a certificate of need under Minnesota statutes or rules.

Minn. Rules, part 4250.0300, item F provides that an expansion of a large petroleum pipeline is subject to the Commission's certificate of need authority for any project that within a period of two years would increase a pipeline's capacity in excess of either 20 percent of its rated capacity or 10,000 BPD, whichever is greater.

The Company's existing certificate of need specifies a rated capacity of 240,000 BPD. The Commission finds that 240,000 BPD is the proper base from which to determine a capacity increase. Therefore, a proposed expansion would require a certificate of need if it resulted in a capacity increase of at least 48,000 BPD (the greater of 20 percent of rated capacity or 10,000 BPD). The Company's affidavit states that the proposed expansion would increase capacity less than 40,000 BPD. Based on the Company's representation, the Commission concludes that the planned expansion does not require a certificate of need from the Commission.

The Commission notes that the Company is waiting for a ruling from the federal Department of Transportation (DOT) on maximum operating pressure for the pipeline system and has not finalized its construction plans. To ensure that the DOT decision and the Company's final construction plans would not change the Commission's decision here, the Commission will require the Company to submit an additional filing before construction begins. That filing must address the lengths of the planned pipeline loops, the maximum pressure then allowed by the DOT, and the maximum post-construction throughput possible at that pressure. If the filing does not change the basis for the decision made here, the Commission will take no further action.

Finally, to meet its responsibility to monitor the capacity of pipelines, the Commission will also require the Company to report all later rulings of the DOT which increase the allowed operating pressure of the Company's pipeline system. These reports must state the maximum capacity of the Company's pipeline system at the increased operating pressure authorized by the DOT.

ORDER

1. The Commission will not require the Minnesota Pipe Line Company to seek a certificate of need for its planned pipeline expansion.
2. The Company shall file with the Commission prior to beginning construction of the pipeline extension discussed above:
 - A. the federal DOT's determination on operating pressure;
 - B. the planned loop lengths when final pre- construction decisions on loop lengths are made; and
 - C. the maximum post-construction throughput possible under the loop length and operating pressure conditions applicable at the time of the filing.
3. The Company shall also file reports on all the federal DOT's subsequent decisions increasing the allowed operating pressure of the Company's pipeline as discussed above.
4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Mary Ellen Hennen
Executive Secretary

(S E A L)